

Message Text

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ACTION EUR-12

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC IMMEDIATE 3850

INFO USDOC WASHDC

AMCONSUL LENINGRAD

C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 15456

USDOC FOR BEWT/OD

E.O. 11652: GDS

TAGS: BGEN, CASC, UR

SUBJECT: CRAWFORD ARREST: I-H BANK ACCOUNT AND
COMPANY POLICY

REF: MOSCOW 15292 AND PREVIOUS

SUMMARY: AMBASSADOR WAS ASKED AT JUNE 30 PRESS
CONFERENCE ABOUT REPORT THAT INTERNATIONAL HARVESTER
WAS SLOW TO OPEN BANK ACCOUNT WITH BANK OF
FOREIGN TRADE (VTB). CRAWFORD TELLS US THAT
UNTIL EARLY 1978 I-H MET ITS LOCAL CASH NEEDS
BY CASHING AT VTB LARGE DENOMINATION TRAVELERS
CHECKS AND THAT RECENT AUDIT OF OFFICE FUNDS
HAD FOUND EVERYTHING ACCOUNTED FOR. CRAWFORD
HAS ALSO MENTIONED HIS INCREASING CONCERN AT WAY
IN WHICH I-H IS PRESENTLY CONDUCTING BUSINESS
HERE, WHICH SEEMS TO HIM TO OVERLOOK HIS OWN
PRESENT STATUS. DEPARTMENT MAY WISH TO REMIND
BROOKS MCCORMICK THAT CRAWFORD CONTINUES TO
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NEED COMPANY'S FULL SUPPORT AND THAT FIRM SHOULD
NOT CONDUCT BUSINESS AS USUAL UNDER PRESENT
CIRCUMSTANCES. END SUMMARY.

1. DURING LAST FRIDAY'S (JUNE 30) PRESS CONFERENCE,
AMBASSADOR WAS ASKED ABOUT RUMOR THAT INTERNATIONAL
HARVESTER HAD NOT OPENED A BANK ACCOUNT WITH

VNESHTORGBANK (VTB) UNTIL AFTER A YEAR OR SO OF OPERATIONS IN USSR. IMPLICATION OF QUESTION APPARENTLY WAS THAT FIRM THUS PLACED ITS EMPLOYEES IN POSITION OF HAVING TO BRING IN LARGE AMOUNTS OF CASH (OR NEAR CASH) PERIODICALLY TO CONDUCT ITS AFFAIRS IN MOSCOW. COMATT HAD CHANCE JULY 1 TO TALK TO CRAWFORD PRIVATELY ABOUT THIS ALLEGATION AND LATTER CONFIRMED THAT I-H HAD WAITED UNTIL JANUARY OR FEBRUARY OF THIS YEAR TO OPEN AN ACCOUNT WITH VTB. CRAWFORD SAID THAT FROM TIME OF HIS ARRIVAL IN MOSCOW IN JUNE, 1976, TO EARLY THIS YEAR, ALL CASH NEEDS OF MOSCOW OFFICE HAD BEEN MET BY CASHING AT VTB LARGE DENOMINATION TRAVELERS' CHECKS PROVIDED BY FIRM'S HOME OFFICE IN CHICAGO. CRAWFORD MAINTAINED THAT HE HIMSELF HAD NOT HAD CONTROL OF THESE TRANSACTIONS UNTIL BRIAN REARDON LEFT OFFICE IN LATE SUMMER OF 1977. ALSO, CRAWFORD SAID THAT COMPLETE AUDIT OF OFFICE FUNDS AND DISBURSEMENTS HAD BEEN CONDUCTED JUST BEFORE HIS ARREST BY I-H EXECUTIVE FROM CHICAGO AND ALL WAS FOUND TO BE IN ORDER "EXCEPT FOR \$1.52" WHICH COULD NOT BE ACCOUNTED FOR.

2. ON OTHER SUBJECTS, CRAWFORD TOLD COMATT THAT HE WAS BECOMING INCREASINGLY DISMAYED AT
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WAY IN WHICH I-H (PRINCIPALLY V.P. PAUL JOHNSON AND MARKETING MANAGER REARDON) SEEMED TO BE CONDUCTING THEMSELVES WITH SOVIET FOREIGN TRADE CONTACTS. AS FAR AS HE CAN TELL, IT IS BUSINESS AS USUAL AND FULL SPEED AHEAD ON NEGOTIATING NEW CONTRACTS ON, AMONG OTHER THINGS, RUBBER-TIRED LOADERS -- ABOUT TEN OF WHICH MAY BE SOLD IN NEXT FEW DAYS, ACCORDING TO CRAWFORD. HE IS PARTICULARLY UPSET ABOUT FACT THAT I-H IS TAKING THIS OPPORTUNITY TO INTRODUCE TO SOVIETS FIRM'S NEW SENIOR REPRESENTATIVE FOR MOSCOW OFFICE, JOHN CHELLMAN. (CHELLMAN WILL SUCCEED MARVIN JENTZ WHO WAS REASSIGNED BY I-H IN APRIL OF THIS YEAR.) CRAWFORD SAYS THAT REARDON, WHO HAS AGAIN TAKEN OVER OFFICE TEMPORARILY, HAS LOADED HIM (CRAWFORD) UP WITH WORK RELATED TO NEW CONTRACT PROPOSALS AND SEEMS TOTALLY UNCONCERNED ABOUT FACT THAT CRAWFORD IS STILL UNDER GUN WITH SOVIETS. ON SUBJECT OF CRAWFORD'S FUTURE PLANS WITH FIRM, REARDON REPORTEDLY TOLD CRAWFORD THAT THAT DECISION WILL BE TAKEN WHEN HIS PROBLEM IS

"CLEARED UP." CRAWFORD SAID THAT IN HIS VIEW ONLY A HIGH-LEVEL DIRECT APPROACH TO I-H CHAIRMAN MCCORMICK WILL BRING I-H OFFICIALS TO FOCUS REALISTICALLY ON HIS CASE AND DROP THEIR CURRENT APPROACH TO SOVIETS.

3. CRAWFORD ALSO MENTIONED THAT WITH SOLE EXCEPTION OF DONALD HARNSBERGER, SENIOR REPRESENTATIVE FOR COOPER INDUSTRIES IN MOSCOW, NOT A SINGLE BUSINESSMAN HAS APPROACHED HIM EITHER

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TO SAY HOW RELIEVED HE/SHE IS THAT CRAWFORD IS OUT OF PRISON OR TO DISCUSS HIS CASE WITH HIM.

4. IN CONVERSATION JUNE 30 WITH ROBERT BOOTH, I-H'S LEGAL COUNSEL IN CRAWFORD'S PRESENCE, E/C COUNS AND COMATT CALLED ATTENTION TO FACT THAT I-H, BY GIVING MANY THE IMPRESSION OF CONDUCTING "BUSINESS-AS-USUAL" AT THIS TIME, COULD BE CONVEYING UNDESIRABLE SIGNAL TO SOVIETS THAT THEIR MISTREATMENT OF CRAWFORD AND CONTINUING THREAT OF HIS IMPRISONMENT WOULD NOT ADVERSELY AFFECT THE FIRM'S ATTITUDE TOWARDS THE USSR.

5. FAR FROM TAKING A STIFF POSITION VIS-A-VIS SOVIETS, I-H IS GIVING THEM SIGNALS WHICH POINT TO FIRM'S UNWILLINGNESS TO GO TO BAT IN DEFENSE OF ITS EMPLOYEE OR FOR THAT MATTER, OF ITS

CORPORATE HONOR. CRAWFORD IS NOW BEGINNING TO
CHAFE AGAINST -- AT LEAST IN CONVERSATIONS WITH
US -- HIS COMPANY'S PERCEIVED POLICY. MOREOVER,
REACTION OF U.S. BUSINESS COMMUNITY IN MOSCOW
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TO HIS RELEASE HAS BEEN TO HEAVE AUDIBLE SIGN
OF RELIEF AND GO ON AS BEFORE -- CAREFULLY
SHUNNING CRAWFORD IN PROCESS. CRAWFORD REALIZES
THAT HIS PROFESSIONAL IMAGE HAS BEEN TARNISHED
AND THAT I-H MAY BE LOOKING ON HIM AT BEST, AS
AN EMBARRASSMENT, AT WORST, AS A LIABILITY. HE
FEELS THIS IS TOTALLY UNFAIR. DEPARTMENT MAY
WISH TO REMIND BROOKS MCCORMICK THAT CRAWFORD
IS BY NO MEANS OUT OF WOODS AND NEEDS COMPANY'S
FULL SUPPORT. IF INTERNATIONAL HARVESTER IS
CONCERNED ABOUT HIS PLIGHT, IT SHOULD NOT CONDUCT
BUSINESS-AS-USUAL.

6. FOR OBVIOUS REASONS, IT IS IMPORTANT THAT
CRAWFORD'S ROLE IN CONVEYING COMPLAINTS AGAINST
HIS FIRM NOT BE DISCLOSED TO I-H. THE DEPARTMENT
IS THEREFORE REQUESTED TO PROTECT CRAWFORD BY
NOT REPEAT NOT REVEALING HIM AS SOURCE FOR ANY
OF CONTENTS OF THIS MESSAGE. TOON

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